

National Petroleum Council-  
Department of Energy Meeting  
December 19, 2005

***Recent Legislative and Regulatory  
Actions at the State Level***



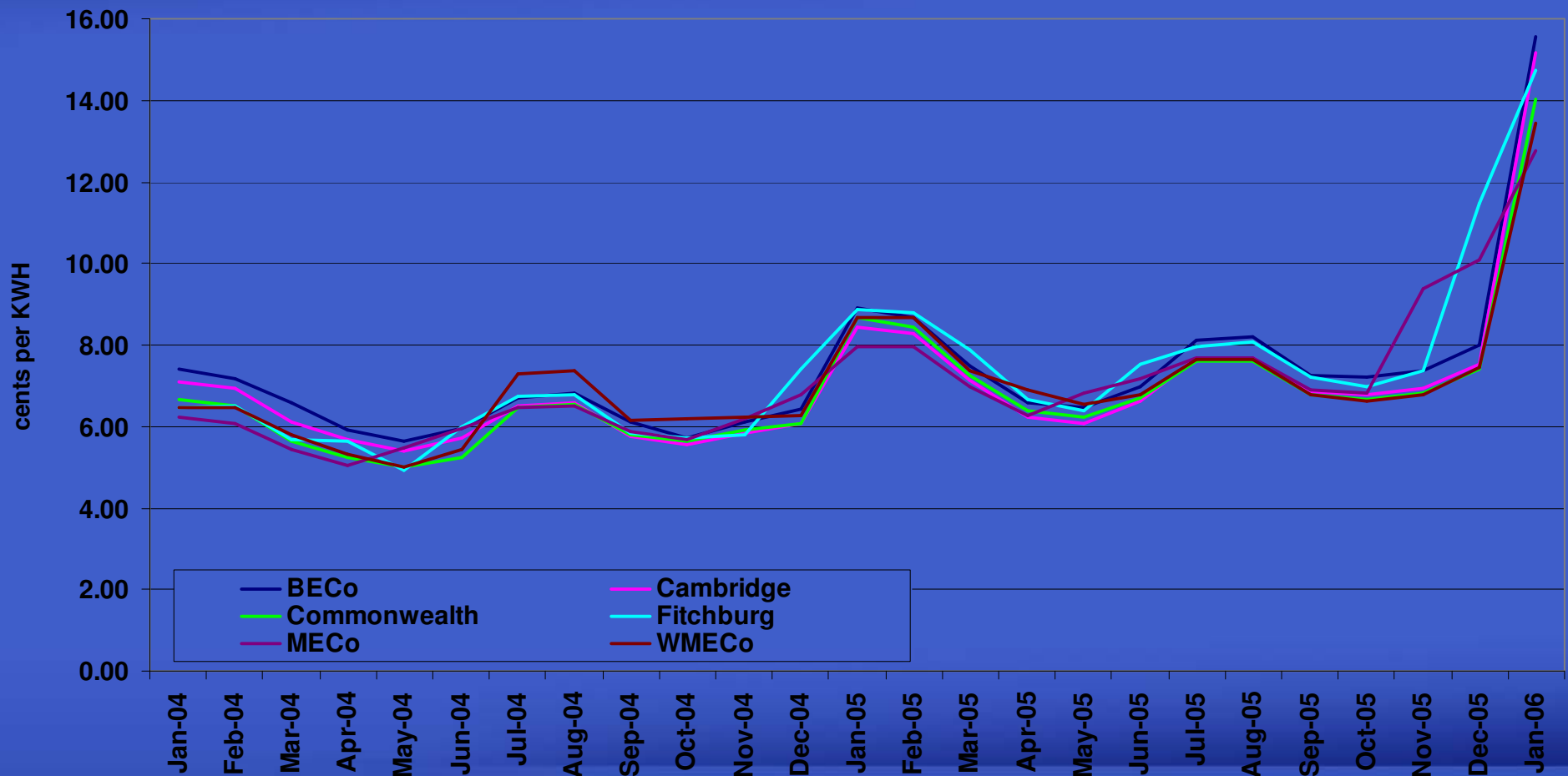
W. Robert Keating, Commissioner  
Commonwealth of Massachusetts  
Department of Telecommunications and Energy

# **Short Term Focus**

## **Winter 2005/2006**

# Basic Service Rate Increases for Winter 05/06

## Residential Basic Service Rates



\*In 2005, a settlement in D.T.E 03-88 resulted in a default service adder for each utility. This adder, usually less than 0.1 cents per kilowatthour, is included in the prices listed.

# Electric Bill Impacts: January 2005 and 2006

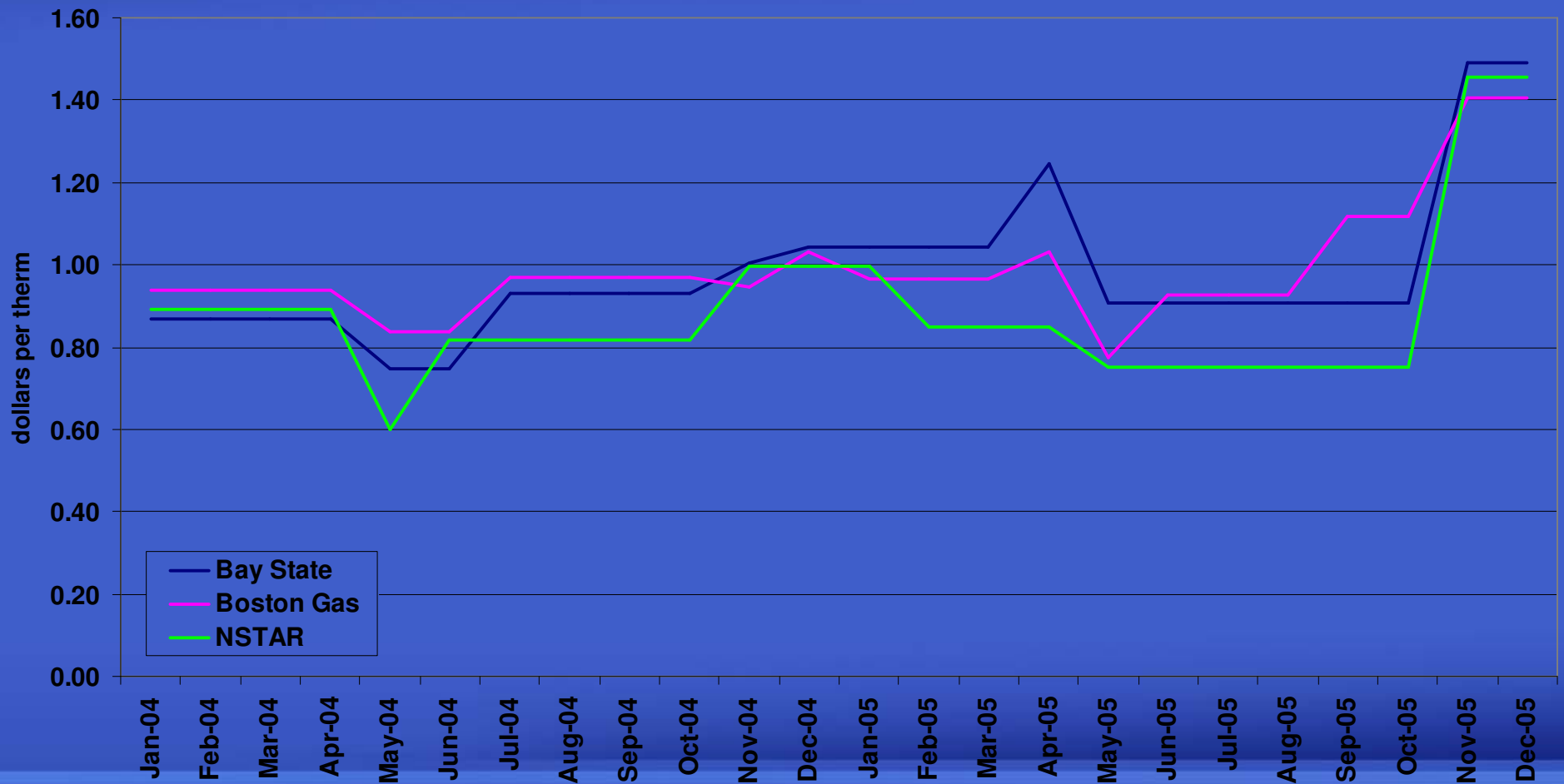
## Boston Edison Company (NSTAR)

customer class	January 1, 2005	January 1, 2006	% increase
Residential	\$ 79.53	\$ 101.85	28.06%
Small Commercial and Industrial	\$ 140.47	\$ 182.91	30.21%
Medium Commercial and Industrial	\$ 2,386.25	\$ 3,266.59	36.89%
Large Commercial and Industrial	\$ 32,185.10	\$ 53,213.80	65.34%

- Residential bill calculation assumes rate R-1 and 500 KWH per month usage.
- Small commercial and industrial bill calculation assumes rate G-1 and 1,000 KWH per month usage.
- Medium commercial and industrial bill calculation assumes TOU rate G-2, 53 KVA, and 20,000 KWH per month usage.
- Large commercial and industrial bill calculation assumes TOU rate G-3, 530 KVA, and 250,000 KWH per month usage.

# Gas Rate Increases for Winter 05/06

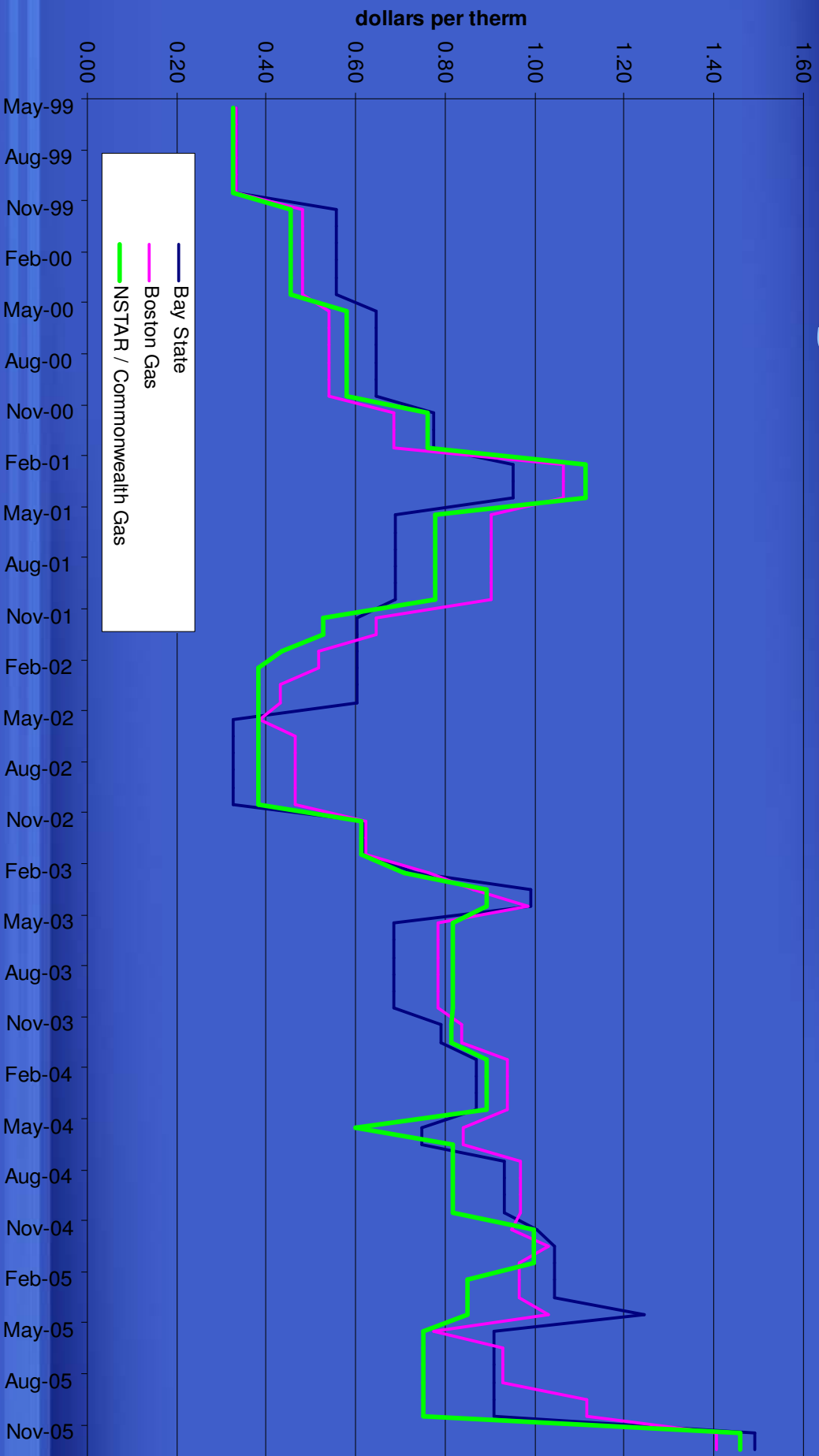
## Residential Heating Gas Adjustment Factors



\*The Gas Adjustment Factor includes such expenses as commodity costs and associated capacity charges, bad debt, etc.

# Residential GAFs

## May 1999 – December 2005



# Gas Bill Impacts: January 2005 and 2006

## Boston Gas Company (KeySpan)

customer class	January 1, 2005	January 1, 2006	% increase
Residential	\$ 225.00	\$ 301.00	33.78%
Small Commercial and Industrial	\$ 295.00	\$ 394.00	33.56%
Medium Commercial and Industrial	\$ 1,113.00	\$ 1,529.97	37.46%
Large Commercial and Industrial	\$ 4,146.00	\$ 5,774.76	39.29%

- Residential bill calculation assumes rate R-3 and 160 therms per month usage.
- Small commercial and industrial bill calculation assumes rate G-41 (low load) and 206 therms per month usage.
- Medium commercial and industrial bill calculation assumes rate G-42 (low load) and 879 therms per month usage.
- Large commercial and industrial bill calculation assumes rate G-43 (low load) and 3,445 therms per month usage.

# Initiatives to Address Impact of Rate Increases

## Home Energy Assistance Bill

- Adds an additional \$20 million for Low Income Home Energy Assistance Program (LIHEAP).
- Single taxpayers who earn less than \$50,000 and families earning less than \$75,000 qualify for a tax deduction of up to \$800 for heating costs incurred between November 1 and March 31.
- Adds tax credit for homeowners of any income who purchase energy-efficient products equal to 30 percent of the cost of the products up to \$600 for single-family homes (\$1000 for multi-family dwellings).



# **Initiatives to Address Impact of Rate Increases**

## **Home Energy Assistance Bill (cont.)**

- Widens income eligibility for discounted electricity and natural gas rates (from 175 percent to 200 percent of the federal poverty level).
- Adds zero or low-interest loan program to help residents improve the efficiency of their homes.
- Raises minimum efficiency standards for products such as residential furnaces & boilers, air conditioners, etc.

# Initiatives to Address Impact of Rate Increases

DTE Working with Other Agencies to Enroll More Low-Income Households in Programs that Provide Heating and Energy Conservation Assistance

- LIHEAP
- Weatherization Assistance Program (WAP) to improve efficiency of energy used
- Heating Emergency Assistance Retrofit Task Weather Assistance Program (HEARTWAP) to provide heating system repairs or replacement
- Residential Assistance for Families in Transition (RAFT) is an arrearage management/forgiveness program administered by DHCD

# Initiatives to Address Impact of Rate Increases

## DTE Initiatives

- Low-income discount computer matching program. Began November 1. Expected to add over 24,000 new households to the low-income discount rate
- Consumer education forums for all gas and electric companies
- Extend winter shut-off moratorium until May 1, 2006
- Open investigation regarding standards for utility arrearage management programs (D.T.E. 05-86). Public hearing on January 6, 2006.

# **Longer Term Focus**

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## **Annual Load Growth**

- ISO-NE projects annual load growth (regionwide) of approximately 500 MW
- What resources will be deployed to meet this growth?

# **Longer Term Focus**

## **State Regulator Toolkit**

- In restructured states, utility regulators no longer have direct oversight of supply resources
- However, in our role as regulators of distribution companies (and basic service), we can take initiatives to facilitate the development of other resources
  - Demand response
  - Energy efficiency
  - Renewable resources

# National Level Perspective

- Critical Element is the need for a balanced resource portfolio
- Continued improvements in demand response & energy efficiency
- Need for new fuel supplies to address supply/demand issues
- An understanding of the choices that have to be made
- Requires education and communication at all levels